

corporation which has incurred economic misfortune or which is otherwise materially affected by strict adherence to the annual accounting rule in the determination of net income. The deduction herein specified does not authorize the carrying forward of any particular items or category of loss except to the extent that such loss or losses shall result in the impairment of the net economic situation of the corporation so as to result in a net economic loss as hereinafter defined.

(2) The net economic loss for any year shall mean the amount by which allowable deductions for the year other than prior year losses shall exceed income from all sources in the year including any income not taxable under this division.

(3) Any net economic loss of a prior year or years brought forward and claimed as a deduction in any income year may be deducted from net income of the year only to the extent that such carryover loss from the prior year or years shall exceed any income not taxable under this division received in the same year in which the deduction is claimed, except that in the case of a corporation required to allocate and apportion to North Carolina its net income, as defined in this division, only such proportionate part of the net economic loss of a prior year shall be deductible from total income allocable to this State as would be determined by the use of the allocation and apportionment provisions of G. S. 105-130.4 for the year of such loss.

(4) A net economic loss carried forward from any year shall first be applied to, or offset by, any income taxable or nontaxable of the next succeeding year before any portion of such loss may be carried forward to a succeeding year.

(5) For purposes of this Section, any income item deductible in determining State net income under the provisions of G. S. 105-130.5 and any nonbusiness income not allocable to this State under the provisions of G. S. 105-130.4 shall be considered as income not taxable under this division.

(6) No loss shall either directly or indirectly be carried forward more than five years.

“§ 105-130.9. Contributions. Contributions shall be allowed as a deduction to the extent and in the manner provided as follows:

(1) Contributions or gifts made by any corporation within the income year to corporations, trusts, community chests, funds, foundations or associations organized, and operated exclusively for religious, charitable, literary, scientific, or educational purposes or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual, or contributions or gifts made by any corporation within the income tax year to posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual, or the organization known as Alcoholics Anonymous or any local chapter thereof, or to a cemetery company owned and operated exclusively for the benefit of its members, or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to